P. A. C. No. 533

# PUBLIC ACCOUNTS COMMITTEE

# (1976-77)

(FIFTH LOK SABHA)

## TWO HUNDRED AND THIRTY-FIFTH REPORT

## ACCOUNTING AND PROCEDURAL MATTERS

[Action taken by Government on the recommendations of the Public Accounts Committee contained in their 217th Report (Fifth Lok Sabha) on Accounting and Procedural Matters—Ministry of Finance (Department of Economic Affairs) and Ministry of Finance (Defence)]

LOK SABHA SECRETARIAT
NEW DELHI
*October, 1976/Kartika, 1898 (Saka)*
*Price : Rs. 0·30*

## LIST OF AUTHORISED AGENTS FOR THE SALE OF LOK SABHA SECRETARIAT PUBLICATIONS

| Sl. No. | Name of Agent |
|---|---|

ANDHRA PRADESH

1. Andhra University General Co-operative Stores Ltd., Waltair (Visakhapatnam).
2. G. R. Lakshmipaty Chetty and Sons, General Merchants and News Agents, Newpet, Chandragiri, Chittoor District.

ASSAM

3. Western Book Depot, Pan Bazar, Gauhati.

BIHAR

4. Amar Kitab Ghar, Post Box 78, Diagonal Road, Jamshedpur.
5. M/s. Crown Book Depot, Upper Bazar, Ranchi.

GUJARAT

6. Vijay Stores, Station Road, Anand.
7. The New Order Book Company, Ellis Bridge, Ahmedabad-6.

HARYANA

8. M/s. Prabhu Book Service, Nai Subzi Mandi, Gurgaon.

MADHYA PRADESH

9. Modern Book House, Shiv Vilas Palace, Indore City.

MAHARASHTRA

10. M/s. Sunderdas Gianchand, 601. Girgaum Road, New Princess Street, Bombay-2.
11. The International Book House, (Private) Limited, 6, Ash Lane, Mahatma Gandhi Road, Bombay-1.
12. The International Book Service, Deccan Gymkhana, Poona-4.
13. Charles Lambert & Company, 10, Mahatma Gandhi Road, Opposite Clock Tower, Fort, Bombay.
14. The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-1.
15. Deccan Book Stall, Fergusson College Road, Poona-4.
16. M. & J. Services, Publishers Representatives, Accounts & Law Book Sellers, Bahri Road, Bombay-15.

MYSORE

17. People Book House, Opp. Jaganmohan Palace, Mysore.

RAJASTHAN

18. Information Centre, Government of Rajasthan, Tripolia, Jaipur City.
19. M/s. Usha Book Depot, 585 A, Chitra Bazar, Tripolia, Jaipur.

UTTAR PRADESH

20. Law Book Company, Sardar Patel Marg, Allahabad-1.

## CONTENTS


| | | | PAGE |
|---|---|---|---|
| COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE | | | (iii) |
| INTRODUCTION | | | (v) |
| CHAPTER I | — | Report | 1 |
| CHAPTER II | — | Recommendations/Observations that have been accepted by Government | 2 |
| APPENDIX | — | Conclusions/Observations | 5 |


PARLIAMENT
Library & Reference
Central Govt Publications
Acc. No. R...458.15...42
...8...21...76...

## PUBLIC ACCOUNTS COMMITTEE

(1976-77)

CHAIRMAN

Shri H. N. Mukerjee

MEMBERS

2. Shri T. Balakrishniah
3. Shri Dinen Bhattacharya
4. Shri Chandulal Chandrakar
5. Shri Chandrika Prasad
6. Shri S. R. Damani
7. Shri C. C. Gohain
8. Shri Ramachandran Kadannappalli
9. Shri Raja Kulkarni
10. Shri K. Mayathevar
11. Shri V. Mayavan
12. Shri Shyam Sunder Mohapatra
13. Shri Priya Ranjan Das Munsi
14. Shri Bhaljibhai Ravjibhai Parmar
15. Shri N. K. Sanghi
16. Smt. Sushila Shankar Adivarekar
17. Shri Sardar Amjad Ali
18. Shri Piare Lall Kureel *urf* Piare Lall Talib
19. Shri H. S. Narasiah
20. Shri Indradeep Sinha
21. Shri Omprakash Tyagi
22. Shri Zawar Husain

SECRETARIAT

Shri H. G. Paranjpe—*Chief Financial Committee Officer.*
Shri T. R. Ghai—*Senior Financial Committee Officer.*

## INTRODUCTION

I, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this Two Hundred and Thirty-fifth Report on Action Taken by Government on the recommendations of the Public Accounts Committee contained in their Two Hundred and Seventeenth Report (Fifth Lok Sabha) on Accounting and Procedural Matters—Ministry of Finance (Department of Economic Affairs) and Ministry of Finance (Defence).

2. On the 5th June, 1976, an 'Action Taken' Sub-Committee consisting of the following Members was appointed to scrutinise the replies from Government in pursuance of the recommendations made by the Committee in their earlier Reports:—

Shri H. N. Mukerjee—*Chairman*

2. Shri N. K. Sanghi—*Convener*

| | | |
|---|---|---|
| 3. | Shri Dinen Bhattacharya | Members |
| 4. | Shri Chandulal Chandrakar | |
| 5. | Shri Raja Kulkarni | |
| 6. | Shri Shyam Sunder Mohapatra | |
| 7. | Shri Priya Ranjan Das Munsi | |
| 8. | Shri Sardar Amjad Ali | |
| 9. | Shri Indradeep Sinha | |
| 10. | Shri Omprakash Tyagi | |

3. The Action Taken Sub-Committee of the Public Accounts Committee (1976-77) considered and adopted this Report at their sitting held on the 14th October, 1976. The Report was finally adopted by the Public Accounts Committee on the 25th October, 1976.

4. For facility of reference the conclusions/recommendations of the Committee have been printed in thick type in the body of the Report. For the sake of convenience, the conclusions/observations of the Committee have also been appended to the Report (Appendix).

5. The Committee place on record their appreciation of the assistance rendered to them in this matter by the Comptroller and Auditor General of India.

NEW DELHI;
*October* 26, 1976
*Kartika* 4, 1898 (*S*).

H. N. MUKERJEE,
*Chairman,*
*Public Accounts Committee.*

## CHAPTER I

### REPORT

1.1. This Report of the Committee deals with the action taken by Government on the recommendations|observations of the Committee contained in their 217th Report (Fifth Lok Sabha) presented to the Lok Sabha on the 27th April, 1976, on Accounting & Procedural Matters.

1.2. Action Taken Notes in respect of all the 3 recommendations|observations contained in the Report have been received from Government. All the three recommendations have been accepted by Government (Chapter II).

1.3. In regard to the suggestion by the Ministry of Finance (Department of Economic Affairs) that in order to avoid delays, the Explanatory Notes on Excesses over Voted Grants and Charged Appropriations should be submitted directly to the Public Accounts Committee by the Ministries/Departments concerned without the intervention of Department of Economic Affairs, the Committee in Para 1.15 of their 217th Report had observed that the procedure suggested by the Department of Economic Affairs would unintendedly prove to be cumbersome and might not really facilitate their work. Moreover, the Department of Economic Affairs was the agency which was finally responsible for exercising budgetary control. The Committee had, therefore, reiterated that the Department of Economic Affairs should not only continue to coordinate the submission of the Notes to the Committee but should also streamline the procedure so as to ensure that these Notes are submitted after due scrutiny and by the prescribed date.

**1.4. The Committee are glad to note that the Ministry of Finance (Department of Economic Affairs) have accepted their recommendations as stated above and have also submitted all the explanatory notes in respect of excesses disclosed in the Appropriation Accounts for 1974-75 to the Public Accounts Committee. They also note the assurance given by the Department of Economic Affairs that in future also such Notes would continue to be submitted to the Committee by the prescribed date.**

## CHAPTER II

## RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

### Recommendation

The Committee have considered the suggestion made by the Department of Economic Affairs that the Explanatory Notes on Excesses over Voted Grants and charged appropriations should be submitted directly to the Committee by the Ministries/Departments concerned, without their intervention. A similar suggestion had been made by the Department earlier in 1968 and again in 1974, but it had not found favour with the Committee. Drawing on their experience, the Public Accounts Committee (1968-69) had specifically desired that the responsibility for the submission of the Explanatory Notes should be centralised in the Budget Division of the Ministry of Finance. The Public Accounts Committee (1973-74) approached again on the subject, while agreeing to extend the time limit prescribed for the submission of Notes, did not offer any specific views on the suggestion, which implied that they favoured the continuance of the existing practice. The present Committee are also of the view that the procedure suggested by the Department of Economic Affairs would prove to be cumbersome and may not really facilitate their work. Besides, as the agency finally responsible for exercising budgetary control, it would be more appropriate if the Department of Economic Affairs coordinates the submission of the Notes to the Committee. The Committee are, therefore, unable to accept the Department's suggestion and reiterate that the procedures should be streamlined by the Budget Division of the Department of Economic Affairs so as to ensure that the notes explaining the excesses over Demands are submitted after due scrutiny and by the prescribed date to the Committee.

[S. No. 1 (Para 1.15) of Appendix VI to 217th Report (Fifth Lok Sabha)]

### Action Taken

The recommendations/observations of the Committee have been noted. All the explanatory notes in respect of excesses disclosed in the Appropriation Accounts for 1974-75 were submitted to the

Public Accounts Committee by the prescribed date as confirmed by the Lok Sabha Secretariat. It will be the endeavour of the Ministry to ensure submission of these notes by the prescribed date in future.

[Ministry of Finance (Department of Economic Affairs) O.M. No. F. 8(22)-B(RA)/76 dated 18-6-76]

**Recommendation**

In view of the position explained by the Ministry of Finance (Defence), the Committee have no objection to the proposed discontinuance, from the year 1975-76 onwards, of the exhibition of the Annual Production Accounts of the Army and Naval Bakeries and Financial Review thereon in the Commercial Appendix to the Appropriation Accounts (Defence Services).

[S. No. 2 (Para 2.5) of Appendix VI to 217th Report (Fifth Lok Sabha)]

**Action Taken**

The decision of the Public Accounts Committee contained in para 2.5 of their 217th Report (5th Lok Sabha) to discontinue the exhibition of Annual Production Accounts of the Army and Naval Bakeries and Financial Review thereon in the Commercial Appendix to the Appropriation Accounts (Defence Services) commencing from the year 1975-76 has been noted for compliance. Necessary instructions have been issued to the Controller General of Defence Accounts in this regard.

Director of Audit, Defence Services has seen.

[Ministry of Finance (Defence) O.M. No. 213(8)|76-B III 2647-B II dated 20-7-76]

**Recommendation**

The Committee have considered the suggestion made by the Ministry of Finance (Defence), in consultation with the Comptroller and Auditor General of India, in regard to the preparation and submission of the statements of losses and other irregularities relating to the pre-partition period finally dealt with by the Government of India during a year. They agree to the adoption of the revised procedure now suggested from the accounts for the year 1974-75 namely, that it would be adequate if specific cases of such losses or irregularities actually dealt with finally during a year are brought to their notice as and when they arise and that the present practice

of preparation and submission of detailed statements even when these are only 'NIL' statements, is discontinued.

[S. No. 3 (Para 3.4) of Appendix VI to 217th Report (Fifth Lok Sabha)]

**Action Taken**

The conclusion/recommendation of the Public Accounts Committee contained in para 3.4 of their 217th Report (5th Lok Sabha) has been noted for compliance. The Public Accounts Committee have, however, recommended that the revised procedure may be followed from the accounts for 1974-75, as was proposed by this Division. It may be mentioned in this connection that subsequent to the submission of note dated 28-11-1975 in this regard to the Public, Accounts Committee, the usual statement of losses irregularities, etc., relating to the pre-partition period for the year 1974-75 has already been submitted to the Public Accounts Committee under this Division's O.M. No. 201(34)75-B. III 648-B II dated 16-2-1976.

In respect of 1975-76 a statement of losses would be submitted to the P.A.C. only if there are any items to report. Similarly, such items will, in future be reported to P.A.C. as and when they come to notice.

Director of Audit, Defence Services has seen.

[Ministry of Finance (Defence) O.M. No. 213(8)/76-B III 2647-B II dated 20-7-76]

NEW DELHI;
*October* 26, 1976.
*Kartika* 4, 1898 (*S*)

H. N. MUKERJEE,
*Chairman,*
*Public Accounts Committee.*

## APPENDIX

*Conclusion/Observation*

| Sl. No. | Para No. of the Report | Ministry Concerned | Conclusion/Observation |
|---|---|---|---|
| 1. | 1.4 | Ministry of Finance (Department of Economic Affairs) | The Committee are glad to note that the Ministry of Finance (Department of Economic Affairs) have accepted their recommendation as stated above and have also submitted all the explanatory notes in respect of excesses disclosed in the Appropriation Accounts for 1974-75 to the Public Accounts Committee. They also note the assurance given by the Department of Economic Affairs that in future also such Notes would continue to be submitted to the Committee by the prescribed date. |

GMGIPMRND—LS II—1794 LS—23-10-76—1100.